



14 January 2009

Michelle Groves
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George Maltabarow
Managing Director

Dear Ms Groves,

EnergyAustralia's Revised Regulatory Proposal

I am pleased to submit EnergyAustralia's *Revised Regulatory Proposal and Interim Submission, January 2009* to the Australian Energy Regulator.

EnergyAustralia has revised its June 2008 regulatory proposal to address a number of matters raised by the AER's draft distribution determination published on 28 November 2008. The revised regulatory proposal also includes EnergyAustralia's interim submission in response to the draft determination.

The following documents comprise the revised regulatory proposal:

- The revised regulatory proposal document including all attachments and supporting information.
- A Revised Post Tax Revenue Model (PTRM) and Revised Roll Forward Model (RFM).
- Revised information and proformas to comply with the Regulatory Information Notice dated 24 April 2008.

In addition:

1. I have made a Statutory Declaration that the revised information provided in response to the AER's RIN is complete and accurate in all material respects and can be relied upon by the AER to assess the regulatory proposal and make a distribution determination. This declaration is Attachment A.
2. The Directors have made the Certification Statement as to the reasonableness of the revised key assumptions that underlie the operating and capital expenditure forecasts. The Statement is Attachment B.
3. The parts of the proposal that are confidential are detailed in Attachment C to the proposal.

The revised proposal is provided on two DVDs. The material on DVD 1 is a non-confidential version of the revised proposal document PTRM, RFM and the non-confidential attachments. All material on DVD 1 can be made publicly available. DVD 2 contains the revised proposal document and a confidential version of the PTRM, the RFM, the confidential and non-confidential attachments and all supporting information as well as the RIN information. DVD 2 also contains a document directory and index to explain the arrangement and location of information and documents including new attachments and confidential information. We request that the AER contact EnergyAustralia before disclosing any confidential attachments or any supporting information from DVD 2.



Generally all of the attachments and supporting material submitted as part of the June 2008 proposal continue as attachments and supporting documents to the revised proposal and we request that the AER consider these as resubmitted as part of the revised proposal. An exception to this is where we have updated or replaced an attachment and the revised proposal document specifies where this has occurred.

The revised proposal has been prepared to comply with the National Electricity Law and Rules and the requirements of the AER's guidelines and Regulatory information Notice (RIN). In relation to the RIN, EnergyAustralia has revised the information provided as part of the June 2008 proposal where necessary to reflect the revised proposal. Given the breadth and depth of the information specified in the RIN, information which is not considered to have changed in any material way has not been updated since the June 2008 proposal. Specifically, proformas 2.2.1 and 2.2.2 which relate to capital and operating expenditure respectively, have only been updated in relation to information for the regulatory control period 2009-2014. Proforma 2.3.7 that relates to EnergyAustralia's spatial forecast information has not been updated. The information in proforma 2.3.7 is not due to be revised until a new spatial forecast is prepared in October this year. The most recently published Electricity System Development Review (based on the information currently provided in pro forma 2.3.7) has been included as part of the proposal. EnergyAustralia will however comply with any request from the AER to update specific parts of the RIN as the AER considers appropriate.

Finally we have made all reasonable endeavours to ensure that the models and spreadsheets submitted as part of the revised proposal are accurate. However in the limited time available we have not had an opportunity to have those matters externally reviewed. We propose to arrange for this review prior to the final date for submissions in response to the draft determination. In addition, some reference material relied upon by our experts, together with additional reference material referred to in the revised proposal is still being collated and will be provided on a separate (third) DVD before the closing date for submissions on 16 February 2009.

Please do not hesitate to contact Trevor Armstrong, Acting Executive General Manager, System Planning and Regulation on 02 9269 2611 should you wish to discuss any aspect of the revised proposal.

Yours sincerely



GEORGE MALTABAROW
Managing Director